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To whom it may concern,

Residential Energy Efficiency Scheme Review — Issues Paper

Please accept our late submission regarding the Review of the South Australian Residential Energy Efficiency Scheme (REES) Issues Paper October 2012.

The Conservation Council of South Australia plays an active role in energy efficiency programs and policy matters. Earlier this year, the Conservation Council also commented on the discussion paper regarding the National Energy Savings Initiative.

The Residential Energy Efficiency Scheme is an important policy initiative to assist energy consumers and we welcome a broader focus across energy consumers in addition to the important work undertaken to assist low income households.

There are several key issues that we would raise in this review.

SUPPORT FOR MAINTAINING AND BROADENING THE SCOPE OF THE REES

The Conservation Council of South Australia supports the REES to continue to require retailers to achieve the two annual targets:

- A set amount of greenhouse emission savings by implementing energy efficiency measures in households
- A set number of home energy audits to priority group households.

Broadening the scheme for the benefit of more residential customers would require additional actions and targets for energy audits implementation measures. To be efficient, any broadening of the scheme should be directed to a target audience that includes willing participants and where efficiency savings are cost effective and affordable solutions can be implemented.

The Conservation Council would support the proposal described to target those customers that could contribute to reducing peak demand and load smoothing. In this regard, opportunities for increasing the deployment of smart meters and time of day pricing options could be considered for energy stressed consumers.

Recommendation 1

- The South Australian REES should maintain its current requirements and broaden its scope to target new groups of energy stressed customers where cost effective energy savings can be implemented.

BEING ADDITIONAL TO COMMONWEALTH OR STATE GOVERNMENT POLICIES AND PROGRAMS

We note the statement that “The REES is designed with the intention that all energy efficiency achieved is in addition to what would have otherwise occurred under other Commonwealth or State Government policies and programs”. The Conservation Council agrees that there should not be excessive overlap, displacement or competition of energy efficiency schemes, including between Commonwealth and State programs. Should a National Energy Savings Initiative (NESI) be adopted, it would therefore be sensible for the state scheme to contribute to the national scheme.

However, the Conservation Council is disappointed in the proposal for the NESI to remove reducing emissions as a key objective. This would send the wrong message to electricity consumers, clean tech businesses and those seeking to play their part to reduce Australia's emissions as quickly as possible.

Recommendation 2

- **The REES should be maintained and harmonised such that the South Australian scheme may fit as part of a national scheme.**

COAG COMPLEMENTARITY PRINCIPLES AND STREAMLINING CARBON REDUCTION AND ENERGY EFFICIENCY SCHEMES

The Conservation Council SA is disturbed by the number of climate change policies that are being abandoned or having their emission reduction objective removed because of how the COAG Complementarity Principles are being interpreted.

The Conservation Council SA advocates strongly that additional action by households to reduce emissions beyond the carbon price acting alone, makes it easier for the Government to tighten Australia's emissions scheme caps and national target through time. This sentiment was expressed by Australia's former Climate Change Minister in clarifying the role of voluntary action by households in the statement, “Strong household action also helps make it easier for governments to set even more ambitious targets in the future”¹.

The Conservation Council SA sought clarity from the Federal Climate Change Minister on this matter and received the following assurance “*it is not the Government's intention to remove mitigation as an objective from complementary policies and programs, rather the principles are talking about co-benefits of these emission reduction measures*”.

We also advocated to the NESI Working Group very clearly that reducing emissions should be a key objective of the National Energy Savings Initiative. We were therefore disappointed that the NESI Working Group view did not maintain ‘reducing emissions’ as a key objective recommended for the scheme and instead proposed the objective ‘to

¹ **Wong, P. (2009, February) ETS better than a tax, *The Australian*.**

improve Australia's energy efficiency in order to help manage energy bills and improve productivity'. We believe that the NESI Working Group's view, that 'with the carbon pricing mechanism now in place, further consideration of a National Energy Savings Initiative should not include a primary objective of reducing greenhouse gas emissions', is not an appropriate interpretation of how complementary climate policies should work.

We acknowledge that the current Government policy is the Clean Energy Future Plan and carbon pricing mechanism. However, for the foreseeable future this scheme does not by itself address the scale of the emission reduction challenge. It will require other efforts to demonstrate additional emissions reductions for the scheme cap and the national target to be reduced towards sustainable levels.

Whenever energy is saved through energy efficiency, greenhouse gas emissions are reduced as well. Any consideration of removing greenhouse gas emissions as an objective from the state REES would not make the scheme more complementary. Instead, it would make the scheme less effective as an incentive for customer participation. The Conservation Council SA strongly recommends that South Australia's REES or any future participation in a national scheme, acknowledges and promotes reducing emissions as an important co-objective and co-benefit.

Recommendation 3

- The REES include and support the co-objective of reducing emissions as well as other objectives, in line with the assurance provided by Minister Greg Combet.

Yours sincerely,

A handwritten signature in black ink that reads "Tim Kelly". The signature is written in a cursive, flowing style.

Tim Kelly
Chief Executive